

CHINA'S REGIONAL AND GLOBAL GRAND STRATEGY

BY

MR. YANG-TIEN LOUIS LI
International Fellow from Taiwan

DISTRIBUTION STATEMENT A:

Approved for Public Release.
Distribution is Unlimited.

USAWC CLASS OF 2009

Only a work of the United States Government is not subject to copyright. Based upon the nature of a particular student-author's employment, a paper may not be a work of the United States Government and may, in fact, be protected by copyright.

This SRP is submitted in partial fulfillment of the requirements of the Master of Strategic Studies Degree. The views expressed in this student academic research paper are those of the author and do not reflect the official policy or position of the Department of the Army, Department of Defense, or the U.S. Government.



U.S. Army War College, Carlisle Barracks, PA 17013-5050

The U.S. Army War College is accredited by the Commission on Higher Education of the Middle State Association of Colleges and Schools, 3624 Market Street, Philadelphia, PA 19104, (215) 662-5606. The Commission on Higher Education is an institutional accrediting agency recognized by the U.S. Secretary of Education and the Council for Higher Education Accreditation.

REPORT DOCUMENTATION PAGE				Form Approved OMB No. 0704-0188	
Public reporting burden for this collection of information is estimated to average 1 hour per response, including the time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing this collection of information. Send comments regarding this burden estimate or any other aspect of this collection of information, including suggestions for reducing this burden to Department of Defense, Washington Headquarters Services, Directorate for Information Operations and Reports (0704-0188), 1215 Jefferson Davis Highway, Suite 1204, Arlington, VA 22202-4302. Respondents should be aware that notwithstanding any other provision of law, no person shall be subject to any penalty for failing to comply with a collection of information if it does not display a currently valid OMB control number. PLEASE DO NOT RETURN YOUR FORM TO THE ABOVE ADDRESS.					
1. REPORT DATE (DD-MM-YYYY) 16-01/2009		2. REPORT TYPE Strategy Research Project		3. DATES COVERED (From - To)	
4. TITLE AND SUBTITLE China's Regional and Global Grand Strategy				5a. CONTRACT NUMBER	
				5b. GRANT NUMBER	
				5c. PROGRAM ELEMENT NUMBER	
6. AUTHOR(S) Mr. Yang-Tien Louis Li, International Fellow - Taiwan				5d. PROJECT NUMBER	
				5e. TASK NUMBER	
				5f. WORK UNIT NUMBER	
7. PERFORMING ORGANIZATION NAME(S) AND ADDRESS(ES) Professor Bernard F. Griffard Center for Strategic Leadership				8. PERFORMING ORGANIZATION REPORT NUMBER	
9. SPONSORING / MONITORING AGENCY NAME(S) AND ADDRESS(ES) U.S. Army War College 122 Forbes Avenue Carlisle, PA 17013				10. SPONSOR/MONITOR'S ACRONYM(S)	
				11. SPONSOR/MONITOR'S REPORT NUMBER(S)	
12. DISTRIBUTION / AVAILABILITY STATEMENT Distribution A: Unlimited					
13. SUPPLEMENTARY NOTES Only a work of the United States Government is not subject to copyright. Based upon the nature of a particular student-author's employment, a paper may not be a work of the United States Government and may, in fact, be protected by copyright.					
14. ABSTRACT In 1978 the Government of the People's Republic of China (PRC) selected a different way of ruling, separating its economic development from its political management. With this decision, Mainland China's economy took off, stimulating the comprehensive national power of the PRC. Today the country is not only well on its way to becoming an economic super power, it is also strengthening its political and military presence in the international arena. The PRC's effective maneuvering of its economic, political, military, and diplomatic power to obtain its interests from the world is driven by a coordinated strategic objective of becoming more than a regional power. To demonstrate this fact I will analyze the PRC's strategy by focusing on the Taiwan Strait over the past decades. Through a review of its strategy of reuniting Taiwan, including the diplomatic, economic, and military development strategy, I will show that the PRC will reunite Taiwan in the coming decades and it is inevitable that the PRC will become the strategic rival of the U.S.A.					
15. SUBJECT TERMS Diplomacy, Economy, Military, Defense Capability					
16. SECURITY CLASSIFICATION OF:			17. LIMITATION OF ABSTRACT UNLIMITED	18. NUMBER OF PAGES 28	19a. NAME OF RESPONSIBLE PERSON
a. REPORT UNCLASSIFIED	b. ABSTRACT UNCLASSIFIED	c. THIS PAGE UNCLASSIFIED			19b. TELEPHONE NUMBER (include area code)

USAWC STRATEGY RESEARCH PROJECT

CHINA'S REGIONAL AND GLOBAL GRAND STRATEGY

by

Mr. Yang-Tien Louis Li
International Fellow from Taiwan

Professor Bernard F. Griffard
Project Adviser

Only a work of the United States Government is not subject to copyright. Based upon the nature of a particular student-author's employment, a paper may not be a work of the United States Government and may, in fact, be protected by copyright.

This SRP is submitted in partial fulfillment of the requirements of the Master of Strategic Studies Degree. The U.S. Army War College is accredited by the Commission on Higher Education of the Middle States Association of Colleges and Schools, 3624 Market Street, Philadelphia, PA 19104, (215) 662-5606. The Commission on Higher Education is an institutional accrediting agency recognized by the U.S. Secretary of Education and the Council for Higher Education Accreditation.

The views expressed in this student academic research paper are those of the author and do not reflect the official policy or position of the Department of the Army, Department of Defense, or the U.S. Government.

U.S. Army War College
CARLISLE BARRACKS, PENNSYLVANIA 17013

ABSTRACT

AUTHOR: Mr. Yang-Tien Louis Li
TITLE: China's Regional and Global Grand Strategy
FORMAT: Strategy Research Project
DATE: 16 January 2009 WORD COUNT: 5783 PAGES: 28
KEY TERMS: Diplomacy, Economy, Military, Defense Capability
CLASSIFICATION: Unclassified

In 1978 the Government of the People's Republic of China (PRC) selected a different way of ruling, separating its economic development from its political management. With this decision, Mainland China's economy took off, stimulating the comprehensive national power of the PRC. Today the country is not only well on its way to becoming an economic super power, it is also strengthening its political and military presence in the international arena. The PRC's effective maneuvering of its economic, political, military, and diplomatic power to obtain its interests from the world is driven by a coordinated strategic objective of becoming more than a regional power. To demonstrate this fact I will analyze the PRC's strategy by focusing on the Taiwan Strait over the past decades. Through a review of its strategy of reuniting Taiwan, including the diplomatic, economic, and military development strategy, I will show that the PRC will reunite Taiwan in the coming decades and it is inevitable that the PRC will become the strategic rival of the U.S.A.

CHINA'S REGIONAL AND GLOBAL GRAND STRATEGY

What was the image of China in the view of Colonel Anthony Blaxland Stransham when he won The First Opium War in 1842? Was China weak, obsolete, or arrogant? Or was China just like the frog in a well? At that moment, what was the image of the Chinese in the view of most westerners? In their views, the UK was the world power and economic center. Did they ever imagine that China would become the economic center of the world in the twenty-first century? When we open most of the books, history textbooks, or records which were written by Westerners, the image of the China, even today, is almost the same. Is it just like the image in Richard Lewis's book, a single eyelid with a Qing Dynasty skull cap?¹

The image of China and the Chinese, in the westerner's view, has remained constant for several centuries. In the whole nineteenth century, Qing China continually lost its terrain, satellite countries, and the sovereignty of its coastline cities. It became worse after the Qing Dynasty won the Sino-French War in 1885. The incompetent dynasty won the war but submitted the suzerainty in Vietnam to the French. These images didn't change despite the founding of the Republic of China in October 1911, and the 1945 victory in the second Sino-Japan war. After October 1949, the People's Republic of China (PRC) controlled the mainland China, but was considered a Third World country by most of the western world for decades.²

Until 1978, the Government of the People's Republic of China selected a different way of ruling, separating its economic development from its political management. With this decision, Mainland China's economy took off, stimulating the comprehensive national power of the PRC. Today this country is not only well on its way

to becoming an economic super power, it is also strengthening its political and military presence in the international arena. The PRC's effective maneuvering of its economic, political, military, and diplomatic power to obtain its interests from the world is driven by a coordinated strategic objective of becoming more than a regional power.

To demonstrate this fact I will analyze the PRC's strategy by focusing on the Taiwan Strait over the past 20 years. Through a review of its strategy of reuniting Taiwan, including the diplomatic, economic, and military development strategy, I will show that the PRC will reunite Taiwan in the coming decades and it is inevitable that the PRC will become the strategic rival of the U.S.A.

Background

After winning the Chinese Civil War and controlling most of the terrain of Mainland China, Mao Zedong proclaimed that the PRC was established *at the First Plenary Session of the Chinese People's Political Consultative Conference* on September 21, 1949. Between 1949 and 1978, the strategic purpose of the PRC Government focused heavily on the political movement. The PRC only provided minor focus on the country's economic development. Unfortunately, the PRC economic strategy was seriously flawed, consisting of a series of badly focused programs. These comprised several political movements, including the Three Anti Campaign and the Five Anti Campaigns (1951-1952), the First Anti-Rightist Movement (1956-1957), the Great Leap Forward (1958-1960), the Second Anti-Rightist Movement (1959-1960), the Socialist Education Movement (1962-1966), and the most notorious political movement, Cultural Revolution (1966-1976).

Although the PRC worked hard on some development during these thirty years, the serious political and economic mistakes made it a poor country. For the economic development, the worst events happened between 1958 and 1961. Because of the Great Leap Forward, all the data of their products was fakery. Every method they used contributed to the destruction of the economy, agriculture, and environment. The PRC launched manpower into steel producing in the last period of the Great Leap Forward movement, so there was not enough manpower for agriculture. The result of this movement was the Great Chinese Famine, from 1958 to 1961.

In 1978, two years after the end of the Culture Revolution, Deng Xiaoping became the actual leader of the PRC. This was the opportunity for him to introduce his ideas about economic reform. He tried to prove that what he said in 1961 was right—"I don't care if it's a white cat or a black cat. It's a good cat so long as it catches mice."³ No matter what the reform's name or style is, he knew it was the correct one this time. The GDP of the PRC in 1978 was about 362.4 billion renminbi (RMB).⁴ It was over 24 trillion RMB in 2007,⁵ about 24 times higher than the year 1978. The economy of the PRC is rising rapidly.

The average growth rate of the PRC's GDP after 1978 is about 9.7 percent.⁶ The annual growth rate which is double digit is 16 out of 28 years. The PRC's economy had a "Great Leap". After the era of Deng Xiaoping all the successors, of course, followed the direction that Deng set, that economic development is the main goal of the whole country. They set their national future goal to build a moderately prosperous society.⁷ The PRC has achieved economic power and is still developing the power today.

Additional benefits provided by the growing economy have been increased military capability and greater diplomatic influence. The PRC has used both powers to handle the Taiwan reunification issue since 1950. Looked at in two stages, the pre-1978 period focused the PRC's military power and diplomatic power on reunification. In the post-1978 period reunification was primarily addressed with diplomatic and economic power. For example, in the first stage, the PRC waged the Battle of Kuningtou (1949), the Battle of Dengbu Island (1949), the Landing Operation on Hainan Island (1950), the Battle of Dadan Island (1950), the Battle of Yijiangshan Islands (1955), and the 823 Artillery Bombardment (1958).

The PRC also made use of military exercises to threaten Taiwan in the second period. For example, a series of missile tests in the 1995 and 1996 and the amphibious landing exercises in recent years. It also tried to break the diplomatic relationship between Republic of China (ROC) and its allies. The PRC succeeded in instigating 64 countries to break the relationship with the ROC between 1949 and 1977.⁸ The USA severed the relationship with the ROC in 1978; since that time 27 more countries stopped the relationship with the ROC. After 1978 the PRC brought its growing economic influence to bear, reducing the opportunity for Taiwan's government, industry and business companies to participate in international affairs. The PRC not only obstructed Taiwan's international diplomatic space, but also hampered Taiwan's economic and financial activities with other countries.

The PRC's military power takes full advantage of its economic rising. Its military budget average growth rate was about 11.8 percent between 1990 and 2005;⁹ it almost matched the average rate of its GDP between those years.¹⁰ Taiwan, facing the PRC's

increasing power, is most concerned about the PRC's military landing power development, Navy and Air Force development, and aircraft carrier development strategy.¹¹ These developments and strategies will influence Taiwan's security directly and they are also the PRC's key points of strategic development. The PRC's increasing economic power provides the best leverage for solving the Taiwan issue and is the best foundation for achieving strategic parity with the USA.

The Diplomacy of Taiwan and the Strategy of the PRC

The Diplomatic Warfare between the PRC and Taiwan before May 2008.

Diplomacy is always the conflict point between the PRC and the Republic of China (Taiwan). After Chiang Ching-kuo, the late president of the ROC, former President Lee Teng-hui chose a different way to compete with the PRC in the diplomatic arena. The following successor, former President Chen Shui-bian, followed suit. Their strategy was trying to build or keep the diplomatic relationship with other countries by financial assistance. Therefore, the diplomatic strategy became a "Money Talks" zero-sum game.

The Zero-sum game hurt Taiwan's diplomatic relationship seriously. It also impaired the reputation of Taiwan. Twenty one countries had broken relationship with Republic of China (Taiwan) during that period, from 1988 to 2008. For five of these countries it was the second time they broke the relationship. The most serious period was between 2000 and 2008. The Democratic Progressive Party (DPP) became the ruling party of Taiwan. They launched the so-called "Cutting Throat" diplomacy, using huge financial assistance to solidify the diplomatic relationship.

Taiwan didn't get any benefit from this miserable strategy because of the PRC's growing economic power. The PRC launched larger financial assistance than Taiwan

did to reduce the diplomatic recognition of Taiwan. Although three countries built diplomatic relationships with Taiwan, nine broke the relationship during those eight years. The worst was that a lot of the assistance money wasn't taken by these countries but by politicians. Taiwan lost the aid subsidy, diplomacy, and its reputation. This serious mistake stopped after May 20, 2008.

The Diplomatic Policy of Both Sides after the Presidential Election of Taiwan in 2008. In Taiwan's March 22, 2008 Presidential election the winner was Mr. Ma Ying-jeou. It appeared that both sides of the Taiwan Strait should stop the vicious diplomatic competition on his inauguration on May 20, 2008.¹² Taiwan reconsidered the financial assistance strategy, and stopped any kind of personal financial assistance immediately, especially to foreign country leaders. Stopping the notorious "checkbook diplomacy" produced an immediate positive response from the international community.

For example, Alice Cawte, the Australian representative in Taiwan, said that the policy would benefit the Pacific region.¹³ Mr. Chen Yunlin, the chairman of the Association for Relations Across the Taiwan Straits (ARATS), welcomed the new policy immediately when he faced the press. The reason was that China was locked in a battle for recognition even though they didn't admit it.¹⁴ Its reaction, at least, told us that it could ease the tug of war for recognition.

According to the PRC's reaction, it seems that Taiwan didn't need to worry about the tug of war for diplomatic recognition. If anyone actually believes that the PRC stopped all the diplomatic competition, he would be naïve. There were at least 20 events in which the PRC intervened in Taiwan's international culture and nongovernment activities after President Ma's inauguration.¹⁵ It shows that the PRC has

changed its strategy and played it low-key. The PRC reduced its diplomatic attack on the strategic level to the tactical level.

The Possible Strategy of the PRC in Diplomacy and Its Result. In order to show its goodwill, the PRC had delivered the olive branch publicly in the front of Taiwan's media since President Ma offered his willingness. In front of the media, the PRC did its best to respectfully treat the Vice President-elect, Mr. Vincent C. Siew, who attended the Boao Forum from April 11 to 13, 2008, as well as the visiting of the Nationalist Party (KMT) chairman from May 26 to 31 and the first and second "Chiang-Chen Talks." They demonstrated their goodwill in those events. Especially, the PRC displayed its will to negotiate with Taiwan in the second "Chiang-Chen Talks."

The envoy of the PRC, Mr. Chen Yunlin, also displayed the PRC's amity and signed four agreements, including direct air transport, direct sea transport, postal cooperation and food safety. These four agreements have benefits for Taiwan's economy and will benefit all the companies which have business or sub-companies in the Mainland. For the PRC, the second "Chiang-Chen Talks" were the best and most successful opportunity to flaunt their friendship to Taiwan's people. These agreements produced a favorable impression from most of Taiwan people.

China, nevertheless, keeps squeezing all the possible breathing space of Taiwan in the international environment. It continually asks other countries or organizations to change the title Republic of China or Taiwan to "China Taipei" on some occasions or activities, and denies some of the Taiwan's proposals in the international organizations.¹⁶ It is very obvious that the PRC didn't stop restricting the breathing space of Taiwan in international affairs. The PRC is not as kind as they demonstrated to

the world. According to the history of the conflict between the KMT and the Chinese Communist Party (CCP), the CCP always plays a two-sided strategy and this strategy will not be absent this time.

The CCP not only used the two sided strategy to deal with their enemy, the KMT, during the Chinese Civil War 1945-49, but also with tomorrow's enemy, the U.S. The U.S. once believed that the CCP was not the same as the Soviet Union Communist Party. The U.S. also tried to look for friendship and cooperation from CCP.¹⁷ In the present age, the two-sided strategy reduces the alertness of other countries. After showing their kindness, the most serious result for Taiwan could be the diplomatic relationship. Most of the countries in the world will believe that the reunification is the common consensus of both sides of the Taiwan Strait.

Under the PRC's two-sided strategy, they can continue displaying goodwill by not interfering with Taiwan's existing diplomatic relationships, but Taiwan cannot undertake new diplomatic initiatives with other countries. Playing by these rules, the PRC isolates Taiwan diplomatically, and pre-emptly Taiwan's opportunity to attend any international organization whose member must be a "country." On another front, the PRC's rapidly expanding economy and the influence it now commands globally further restricts Taiwan's latitude for action in the diplomatic arena.

The PRC's Economic Development and Strategy and Its Relationship with Taiwan

The Historical Orbit of the PRC's Economic Development. Prior to 1978, the leadership of the CCP, after establishing its control of the Mainland, was more concerned with establishing political supremacy than with economic growth. Political infighting took precedence over sound planning. They wasted the country's time, their

people's energy, and their entire resources for almost thirty years. The GDP growth rating, in the meantime, was unstable.¹⁸ It was only in the post-1978 timeframe that economic development stabilized.

Deng Xiaoping achieved political primacy and became the actual leader of the PRC in 1978, two years after Mao Zedong passed away. The most important argument of Deng's theory is "Seek truth from facts,"¹⁹ China has been seeking truth from facts in its economic development since then. The PRC changed the agricultural economic policy first.²⁰ It allowed farmers get most of the benefits from their farming. This change gave people the motivation to earn their own money.²¹ Once a few people took the first step and succeeded, more and more people realized that their government had really changed its policy. Though this new opportunity to earn their own money excited many, the development path roused some disputes during this period.²²

Some high ranking communists still worried about the economic reforms and tried to change the development path several times after 1978. The worst one happened in 1989, the year of Tiananmen Square protests. After the protests, the conservative section worried about the country's development.²³ Deng Xiaoping delivered a powerful speech and insisted on the economic reforms by outlining his strategy to members of the party of Central Committee in 1990.²⁴ The path he insisted on changed the world and Taiwan as well.

The Economic Relationship between the PRC and Taiwan. Taiwan began its contact with China in 1987. It opened the contact door based on humanitarianism. A lot of soldiers came to Taiwan with the KMT government in 1949 and had not gone back to see their families since then. After the KMT government allowed the veterans to visit

their relatives, not only the veterans went back to Mainland but also a lot of businessmen who invested and built factories, companies, and other businesses in mainland China. They, fortunately, seized the opportunity of the PRC's economic reforms. This opportunity was very important for those companies.

Some small and midsize companies had started their businesses in mainland China in the late 1980s and some of them became big companies. More and more small and midsize company owners saw the successful cases and followed suit. The economic exchange between the PRC and Taiwan became robust and thrived. Taiwan's former President Lee Teng-Hui worried that this thriving and robust economic interchange would evolve into a PRC strategy of economic leverage against Taiwan; therefore, he offered "Go slow, be patient" policy in 1996.²⁵ This policy limited high-tech industry and infrastructure investment, as well as the investment which was exceeding 50 million USD. The policy, actually, could not stop the investment from Taiwan.²⁶

The Trade volume between Taiwan and China was more than 10 billion USD in 1991, 4 years after first contact.²⁷ It became more than 100 billion USD in 2007.²⁸ Over the past 17 years the Taiwan's economic dependency on the PRC has undergone dynamic growth. In 2007 China became a principal trading partner accounting for 32% of Taiwan's total export volume, and 11% of its total imports.²⁹ The former DPP Administration was trying to control all of these developments. The new government, the KMT Administration, won the presidency this year again and changed the policy immediately. Delegations from both sides of the Taiwan Strait began negotiations with the aim of developing a whole new relationship with each other.

After Mr. Ma won the presidency, Taiwan's delegations went to mainland China and visited the government. The delegations got China's oral agreements about developing the further economic relationship between both sides of Strait. The PRC's envoy visited Taiwan at the end of 2008. The delegations of both sides signed four historic agreements on November 4, 2008. These agreements included two of "Three Links," the direct postal and transportation (the across Strait trade has been going on since 1987). Even though Taiwan had denied the three links ideas since 1979, the PRC had still been waiting and choosing the correct economic strategy. On the other hand, the economic environment, including time, people's needs, and business requirements, forced the Taiwan government to accept the three links.

Taiwan executed another economic strategy, called "Go South," to develop the economic relationship with South Asia countries in 1994. It was not so successful because this policy met the financial crisis in the end of 1990s.³⁰ Most of the companies didn't follow the government's policy any more. Taiwan's businessmen, besides, can easily communicate with people in the mainland China because both sides use the same language. Compared to the economic and political environment of South Asia countries, businessmen believed that Mainland China has a more stable environment. The connection between Taiwan and the PRC has been growing sounder. Taiwan, now, is inseparable from the PRC.

The Economic Strategy of the PRC and its Result. Most countries and their leaders often exert economic power to serve political goals in the modern international society. These methods can normally offer unimaginable benefits for the countries that launch it. The methods can also influence the economy of the opponent country. For

Beijing, the possible methods of economic controls to achieve political goals will be export sanctions, import sanctions, financial and investment sanctions, selective harassment or intimidation of Taiwan Businessmen, economic disruption, damage and sabotage, deliberate slowing or withholding of business, and efforts to hasten the “marginalization” or “hollowing out” of Taiwan’s economy.³¹ The PRC hasn’t launched all of the methods so far because it needs the capital and the professionals from Taiwan.

Some of the factories or companies in the Mainland that were founded by Taiwanese hired a lot of professionals from Taiwan. They offered two or three times their current salary to entice professionals to work in China. The PRC recognized that Taiwan, which had accumulated a capital reserve over the past decades, was a valuable and needed source of direct investment into the Mainland economy. Building a sound economic relationship with Taiwan is also the best policy for the PRC in the present age; therefore, its delegations signed agreements with Taiwan. The agreements fulfilled the Three Links which were suggested by the PRC in 1979.³² It is clearer and clearer that economic relationship will tie up Taiwan with the PRC. This cross-Strait relationship is Taiwan’s vulnerability.

Mainland China is the largest export area for Taiwan’s businesses and goods.³³ The PRC is also one of the two main coal importing countries for Taiwan.³⁴ Therefore, it has the ability to severely impact Taiwan’s economy. Historically, the PRC has not chosen to exploit this weakness. Even though the PRC disliked both former President Lee Teng-hui and Chan Shui-bian, it only launched a military threat but it didn’t launch any economic sanctions. Any kind of military threat is enough to shake Taiwan’s stock markets.³⁵ The relationship of Taiwan and China, on the other hand, is called

“asymmetric interdependence.”³⁶ Using economic moves to punish Taiwan will hurt the PRC as well. Therefore, that is not in the best strategy for the PRC.³⁷

The best strategy for the PRC is keeping a sound economic relationship with Taiwan. The asymmetric interdependence can help the PRC not only on essential economic development but also on cultivating people’s professional skills. Taiwan cultivated a lot of professionals who had the mature experience of international trade in the past five decades. This strategy of keeping a sound economic relationship with Taiwan has other second and third order effects. For the Taiwanese people, it can build a favorable impression because people will get jobs in Mainland China. People who have companies or factories in Taiwan, on the other hand, can have business exchanges with the companies in the PRC. They all benefit from the strategy.

The strategy, for the KMT, will offer the opportunity to reach one of its achievements. The KMT can say that it builds a better and more stable economic relationship with the PRC and a lot of the companies earn money from the PRC. In the society of Taiwan, only a few people will care about political issues. Most of them are more concerned about economic issues, especially the income and the price index. The better the economic relationship between Taiwan and Mainland China is, the better the favorable impression the PRC will get. The second Chiang-Chen Talks are the best example. The result of the survey shows that over 80 percent of Taiwanese citizens believe the talks and the agreements can reduce the cost of their business and amount of time and money for travel. Over 60 percent of Taiwanese citizens believe that the talks will have good influence for the future.³⁸ About 75 percent of Taiwanese citizens

support the government continuing these kind talks with the PRC.³⁹ The advantage of this strategy continues to increase.

The potential problem for Taiwan could be that the economic relationship and reconciliation in international arenas can be used as a reason for the PRC to ask the U.S. to stop arms sales to Taiwan. This is in the PRC's interests because reducing the military strength of Taiwan is as important as keeping a strong economic relationship. The PRC will continue on this strategic path reinforcing its effectiveness with continued subtle military coercion on Taiwan.

The PRC's Military Strategy With Regard to Taiwan

The Outline of Taiwan's Military Defense Capability. Taiwan has been threatened by the PRC since 1950; however, due to the support of the U.S., Taiwan's military strength in the Taiwan Strait was superior to the PRC's. This allowed Taiwan to repel the PRC's aggressive actions without outside intervention.

Since the 1990's this advantage has eroded. In 2008 Taiwan's military power ranking is only 28th in the world.⁴⁰ The causes for this decline are two-fold. First, the PRC's weapon research and development uplifts its military strength. The other reason is that it is becoming more difficult for Taiwan to negotiate arms sales from the U.S. As a result of the U.S. reluctance, Taiwan has no cutting-edge weapons.

This U.S. failure to provide Taiwan with modern state of the art weapons ignores the fact of the PRC's growing military strength. Taiwan's military power is less than the PRC's now.⁴¹ Taiwan, nevertheless, still has the ability to defend itself because the PRC's landing ability is not strong enough. Therefore, Taiwan believes the PRC will launch a lot of missiles in first strike to destroy the key forces of Taiwanese troops.

Taiwan is under the coverage of the PRC's CSS-6 and CSS-7 missiles. The survivability of Taiwan's troops and weapons in the PRC's first strike will be a key point. According to the Han-Kuang exercises in Taiwan every year, the PRC's first strike using its short range missiles will heavily damage Taiwan's troops, especially the air force base and Navy harbor. Taiwan's Army will face a tough conflict if it has no air superiority. The situation will worsen if the PRC develops its own aircraft carrier. This will be the fruition of the PRC's Revolution in Military Affairs in the following decade.

The PRC's Revolution in Military Affairs and its Capability. Before the first Gulf War most strategists and high ranking officers believed that the style of warfare would remain unchanged. The PLA's senior officers were part of them. The Gulf war made them realize that they had no ability to confront the troops of the U.S. After studying the Gulf War the PLA started its Revolution in Military Affairs to counter this organizational vulnerability. As part of this effort they accelerated the development of weaponry. The weapons development effort of the PRC military is full-scale. It is not only developing tactical or short range weapons but also long range and precision weapons. In 1990 the PRC's military power was the 4th largest of the world in 1990. Its national comprehensive power, 8th in 1990,⁴² is rated 3rd in the world in 2008.

The PRC has not only been buying weapons from Russia but also the technology. It has designed fighters and fielded them by itself. The key area of deployment for the PRC's forces is closing the Taiwan Strait. One fifth its fighters and one quarter of its bombers/attack aircraft are deployed within the range of Taiwan.⁴³ The PRC designs and builds ships by itself as well and more than 70 percent of its Naval

Forces are facing Taiwan. The research and development of tactical level weapons are only part of the PRC's moves.

The most important developments are those strategic level arms. Those arms are one of the ways to become a world hegemon. For short distance range to target Taiwan it has CSS-6/M-11/DF-11 (estimated range 600 KM) and CSS-7/M-9/DF-15 (estimated range 300 KM). For long distance range to target the U.S. the PRC has DF-31A (estimated range 11,200+ KM).⁴⁴ The PRC has no carrier today, but its Major Gen. Quan said that having one or more carriers was the dream of any great military power.⁴⁵ The PRC has the ability to design and build a carrier.⁴⁶

The PRC is establishing a shipbuilding base. This base will provide the ability to build aircraft carriers and it will be finished by 2015.⁴⁷ China's aircraft carriers enforce the security of sea lines of communication for its imported resources at that time. The PRC, in addition, will become one of the strongest members of the multipolar system by 2025.⁴⁸ Its military power, including a modern Navy and Air Force, seems not only focusing on self-defense but also on the development of hegemony. The military supported by the PRC's growing economy will achieve China's dream.

The Outline of the PRC's Strategy and the Possible Result. Although M.G. Quan implied that the purpose of the PRC's one or more carriers is for offshore defense,⁴⁹ the question is where the PRC's offshore is? According the U.N. General Assembly Resolution 2758, the PRC is the only lawful representative of China.⁵⁰ The U.S. also recognized that the PRC is the sole legal government of China.⁵¹ The PRC also proclaimed some key points inside the Anti-Secession Law. This first one is Article

three; it said that “*Solving the Taiwan question ... subjects to no interference by any outside forces.*”⁵² In Article Eight, it said that

In the event that ... possibilities for a peaceful reunification should be completely exhausted, the state shall employ non-peaceful means and other necessary measures to protect China's sovereignty and territorial integrity.⁵³

That means the PRC had found its strategy to reunite Taiwan. On one hand, it had issued or signed all domestic and international law or documents. The law, documents, or communiqués are not only the one China policy proclaimed by the PRC but also agreed to by international organization or other countries. Taiwan, according to the PRC’s proclamation, is one of its provinces; the Taiwan Strait is its “closed sea.”

The PRC knows that it has no ability to reunite Taiwan by force today even though its military power grows stronger than before. The PRC has been developing its landing ability because of the lessons learned from the invasion of Kuningtou in 1949 and experience from military exercises in recent years. Launching forces to invade Taiwan and keeping sufficient military power to cross the Taiwan Strait is a challenge to China. On the other hand, the PRC has to calculate the amount of the troops it needs for a successful invasion in this limited area. The air and maritime space of the Taiwan Strait is not large enough for large scale invasion. Therefore, having at least one carrier is the necessary means to achieve its goal. It cannot only deploy the carrier to support the invasion operation but also to stop the intervention by any outside forces. It will not happen in this decade but in the foreseeable future.

The PRC believes that “accomplishing the great task of reunifying the motherland is the sacred duty of all Chinese people.”⁵⁴ More than one of the PRC’s leaders said that reunification may not be achieved in their age but it must be accomplished in the future.

Their strategy is finishing this duty step by step. This is what Taiwan worries about because its military is weaker than before. When the PRC has its carriers, its strategic situation to reunite Taiwan is finished.

The PRC has been building the strong economic connection with Taiwan since the end of the 1980s. Taiwan, for its economic development and country survival, has to strengthen the bilateral trade with the PRC. On the other hand, the PRC doesn't give up or loosen its squeeze on Taiwan's international breathing space. Taiwan couldn't get recognition from any country or international organizations. The PRC will finish the military preparation for reunification. It will prevent the intervention from outside countries at the same time. It will not take a long time for China to finish its sacred duty—reuniting Taiwan—after it finishes its strategic deployment. This will impact the regional strategic situation.

The Possible Impacts on the U.S.

The strategic situation will be totally different in this area after the reunification of Taiwan. First, because Taiwan becomes a province of the PRC, China will have more reason to proclaim that the Taiwan Strait is archipelagic waters. That means the Taiwan Strait is internal waters. Even though this proclamation may not be accepted by the international community, it will still exist and will be enforced by sorties. This activity will also influence Japan and South Korea, as well as the U.S. The PRC will have the right to deny any possible innocent passage. South Korea and Japan, for their own national interests, will cooperate more with the PRC rather than the U.S. in most of the issues at that time. The countries in the south Asia will face the same question as well.

Second, the PRC's navy will become a real blue water navy after it reunites Taiwan. It can accomplish its military strategists' theory to build two island "chains" as forming a geographic basis for China's maritime defensive perimeter.⁵⁵ (See Figure below) After the PRC builds its aircraft carrier fleet, China's sea power will not have difficulty forming these two Island Chains. This will cause increased tension between the PRC and the U.S.

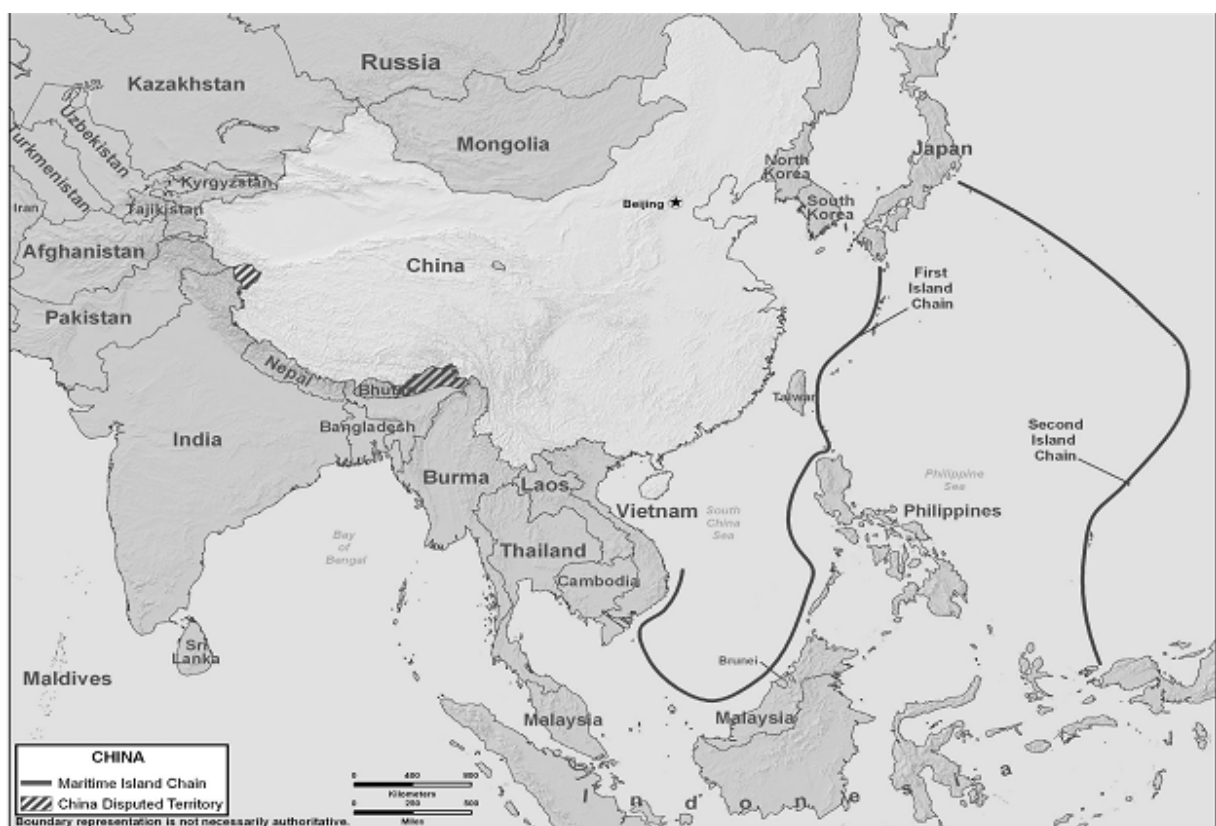


Figure 1. The First and Second Island Chains.⁵⁶

Third, the economic power of a united China will be several times stronger than the separate two parts, the PRC and Taiwan. The PRC will have hegemony in Asia, at least in economic area. The PRC's growing economic and military strength will complement each other. This will allow them to challenge the U.S. both regionally and on the international level.

Recommendations

Taiwan's economic development is dependent on economic development of the PRC. This economic relationship will become closer and closer. Faced with this reality Taiwan has few options available to maintain its status quo. Without active assistance from the US, Taiwan will have no other choice but reunification. To assist Taiwan the U.S. must modify its current policies and reassess its long-term interests and strategies.

First, the U.S. government must keep on selling weaponry to Taiwan in accordance with the Taiwan Relations Act. The arms sales have been going for decades. Taiwan must have the ability to protect itself. If Taiwan can keep its military ability on a higher level than the PRC, Taiwan can repel the attack of the PRC alone when the PRC wages a surgical strike. On the other hand, the PRC will consider the possible cost if Taiwan has the deterrent ability. This is one way for the U.S. to frustrate the PRC's strategy.

Second, the U.S. must support Taiwan attending international political organizations from now on. Because of the one China policy, a lot of international organizations refuse to accept Taiwan as a member. The PRC faces less outside pressure when they use forces to threaten Taiwan because Taiwan lacks the membership in international organizations. The more memberships Taiwan has, the more concern the PRC will take when trying to maneuver military forces to threaten Taiwan.

From a historical view, the PRC has never ruled Taiwan. It does not suit international law that a country proclaims the sovereignty of a territory which it has never ruled. According to the future interests, the U.S. has to reconsider the "One China Policy" and the sovereignties of the Republic of China. Supporting Taiwan to become an

observer or member of international political organizations could be another way to change the possible result of China's strategy.

Conclusion

Sun Tzu said that the skilful warriors first made themselves invincible and awaited the enemy's moment of vulnerability.⁵⁷ Most of the PRC's strategists are the experts of Sun Tzu's *The Art of War*. They are very familiar with the greatest master's theory. The PRC's strategy, nowadays, is the application of his theories. They also obey Deng Xiaoping's teaching: "Observe calmly; secure our position; cope with affairs calmly; hide our capacities and bide our time; be good at maintaining a low profile; and never claim leadership."⁵⁸ They will go ahead step by step and follow their strategies to finish their duty. The peaceful resolution of the Taiwan issue, unfortunately, will not be a peaceful ending but a conflict beginning.

Endnotes

¹ Richard D. Lewis, *When Cultures Collide* (Boston, MA: Nicholas Brealey, 1996), 489.

² Lewis, *When Cultures Collide*, 485.

³ Li Zhisui, *The Private Life of Chairman Mao*, trans. Tai Hung-chao (New York: Random House, 1994), 376.

⁴ "China GDP growth 1952-2008," linked from *Chinability.com Home Page at GDP growth 1952-2008*, <http://www.chinability.com/GDP.htm> (accessed November 13, 2008).

⁵ International Monetary Fund, *World Economic Outlook Database October 2008 Edition*, http://www.imf.org/external/pubs/ft/weo/2008/02/weodata/weorept.aspx?sy=1980&ey=2007&scsm=1&ssd=1&sort=country&ds=.&br=1&c=924&s=NGDP_R%2CNGDP_RPCH%2CNGDP%2CNGDPD&grp=0&a=&pr.x=46&pr.y=11 (accessed October 16, 2008). The Data was selected from the IMF's website. It included the PRC's gross domestic product in constant prices and current prices.

⁶ Ibid.

⁷ Information Office of the State Council, the People's Republic of China, *China's National Defense in 2006*, (Beijing: Information Office of the State Council, 2006), 3, http://www.oss.net/dynamaster/file_archive/070102/afddd85e6782a64dafd3f49ea6bfbc9f/2006%20White%20Paper%20on%20PRC%20National%20Defense.pdf (accessed December 7, 2008).

⁸ "Search for the important events of the ROC history," linked from *Academic Historica of Republic of China Home Page* at "Academic Data Search," http://210.241.75.208/scripts/newsnote/tornado/searcher.exe?p=%C2_%A5%E6&property=1%3B%2C&h=0&l=1&a=15&f=1&z=1&t=0&v=root (accessed November 2, 2008). The Data was selected from Academic Data Search.

⁹ U.S. Department of Defense, *Military Power of the People's Republic of China 2008* (Washington, DC: U.S. Department of Defense, 2008), 31.

¹⁰ Ibid.

¹¹ Ministry of National Defense, *2008 ROC National Defense Report* (Taipei: Ministry of National Defense, 2008), 82-85.

¹² Office of President, ROC, "President Ma's Inaugural Address," May 20, 2008, linked from *Office of the President Republic of China home page* at "News Release," http://www.president.gov.tw/en/prog/news_release/document_content.php?id=1105499687&pre_id=1105499687&g_category_number=145&category_number_2=145 (accessed November 3, 2008).

¹³ Rowan Callick "Taiwan's retreat from alms race good for Pacific," *The Australian online Newspaper*, October 29, 2008, <http://www.theaustralian.news.com.au/story/0,25197,24567266-2703,00.html> (accessed November 13, 2008).

¹⁴ Ibid.

¹⁵ "The intervention from the PRC in the International Affairs," linked from *Ministry of Foreign Affairs, Republic of China, Home Page* at "Diplomatic Information," <http://www.mofa.gov.tw/webapp/ct.asp?xItem=32748&CtNode=1383&mp=1> (accessed November 15, 2008).

¹⁶ Ibid.

¹⁷ Tang Tsou, *America's Failure in China: 1941-1950* (Chicago: The University of Chicago Press, 1964), 46-47.

¹⁸ China GDP growth 1952-2008.

¹⁹ Benjamin Yang, *Deng: A Political Biography* (Armonk, NY: M.E. Sharpe, 1998), 204.

²⁰ Barry Naughton, "Deng Xiaoping: The Economist," in *Deng Xiaoping: Portrait of a Chinese Statesman*, ed. David Shambaugh (New York: Oxford University Press, 1995), 96.

²¹ Ibid.

²² John Gittings, *The Changing Face of China: From Mao to Market* (New York: Oxford University Press, 2005), 253-254.

²³ Ibid., 251.

²⁴ Ibid., 251-252.

²⁵ Nancy Bernkope Tucker, "Dangerous Strait: Introduction," in *Dangerous Strait: the U.S.—Taiwan—China* (New York: Columbia University Press, 2005), 10.

²⁶ T. J. Cheng, "China-Taiwan Economic Linkage: Between Insulation and Superconductivity," in *Dangerous Strait: the U.S.—Taiwan—China*, ed. Nancy Bernkope Tucker (New York: Columbia University Press, 2005), 102-103.

²⁷ Murray Scot Tanner, *Chinese Economic Coercion against Taiwan: A Tricky Weapon to Use* (Santa Monica, CA: RAND, 2007), 76.

²⁸ "Table C-11 Statistics of Economic between Taiwan and Mainland China," January 08, 2008, linked from *Department of Statistics, Ministry of Economic, Republic of China, Home Page* at "Statistics of Economic," <http://2k3dmz2.moea.gov.tw/GNWEB/Indicator/Indicator01.aspx?rptcod=C12> (accessed November 23, 2008).

²⁹ Central Intelligence Agency, "Taiwan," *The World Factbook*, December 18, 2008, linked from *Central Intelligence Agency Home Page* at "Library," <https://www.cia.gov/library/publications/the-world-factbook/geos/tw.html> (accessed December 23, 2008).

³⁰ Tanner, *Chinese Economic Coercion against Taiwan*, 45-46.

³¹ Ibid., 16-19.

³² John F. Copper, *Playing with Fire* (Westport, CT: Praeger Security International, 2006), 129.

³³ Central Intelligence Agency, "Taiwan."

³⁴ Tanner, *Chinese Economic Coercion against Taiwan*, 90.

³⁵ Ibid., 91-96.

³⁶ Ibid., 30.

³⁷ Ibid., 97-99.

³⁸ "The survey of the second Chieng-Chen Talks and Mainland China Policy," November 14, 2008, linked from *the Mainland Affairs Council Home Page* at "Policy and Survey," <http://www.mac.gov.tw/big5/cc2/971114.pdf> (accessed November 23, 2008), 8.

³⁹ Ibid.

⁴⁰ *Global Fire Power Home Page*, Oct 24, 2008, <http://www.globalfirepower.com> (accessed December 1, 2008).

⁴¹ U.S. Department of Defense, *Military Power of the People's Republic of China 2008*, 29.

⁴² Yong Deng and Fei-Ling Wang, *China Rising: Power and Motivation in Chinese Foreign Policy* (Lanham, MD: Rowman and Littlefield, 2004), 3.

⁴³ U.S. Department of Defense, *Military Power of the People's Republic of China 2008*, 52.

⁴⁴ *Ibid.*, 56.

⁴⁵ Andrew Jacobs, "General Hints China's Navy May Add Carrier," *New York Times*, November 17, 2008, <http://www.nytimes.com/2008/11/18/world/asia/18china.html> (accessed December 1, 2008).

⁴⁶ U.S. Department of Defense, *Military Power of the People's Republic of China 2008*, 4.

⁴⁷ Sinodefense, "New Facility Offers Carrier Building Capability," linked from *Sinodefense*, <http://www.sinodefence.com/research/new-facility-carrier-building/default.asp> (accessed December 1, 2008).

⁴⁸ U.S. Department of Defense, *Global Trends 2025: A Transformed World* (Washington, DC: National Intelligence Council, 2008), iv.

⁴⁹ Jacobs, "General Hints China's Navy May Add Carrier."

⁵⁰ United Nations, *U.N., Resolution 2758 (XXVI)*, 1967th plenary meeting of 26th session of General Assembly, U.N. October 25, 1971, <http://daccessdds.un.org/doc/RESOLUTION/GEN/NR0/327/74/IMG/NR032774.pdf?OpenElement> (accessed November 26, 2008).

⁵¹ *Joint Communiqué of the United States of America and the People's Republic of China*, January 1, 1979, http://www.heritage.org/research/asiaandthepacific/asiabriefingroom_3communiques.cfm#recognitioncommunique (accessed December 6, 2008).

⁵² *Anti-Secession Law*, 3rd session of the Tenth National People's Congress, People's Republic of China, March 13, 2005, http://english.peopledaily.com.cn/200503/14/eng20050314_176746.html (accessed November 15, 2008).

⁵³ *Ibid.*

⁵⁴ *Ibid.*

⁵⁵ U.S. Department of Defense, *Military Power of the People's Republic of China 2008*, 23-25.

⁵⁶ *Ibid.*, 25.

⁵⁷ Sun Tzu, *The Art of War*, trans. B. Griffith, (London: Oxford University Press, 1971), 85.

⁵⁸ U.S. Department of Defense, *Military Power of the People's Republic of China 2008*, 8.